



Arizona Department of Transportation

Office of the Director

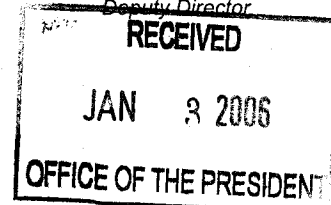
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

December 30, 2005

David P. Jankofsky
Deputy Director



The Honorable Ken Bennett
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007

Dear President Bennett:

I am please to report to you, as required by A.R.S. § 28-8103, that approximately \$5.3 million in State Fiscal Year 2005 Local Transportation Assistance Fund II (LTAF II) monies have been awarded and distributed to cities, towns and counties. These monies were collected in Fiscal Year 2005 and were distributed on November 16, 2005.

The new distributions were made through this Department's instruction to the State Treasurer for disbursement to qualifying jurisdictions. The Regional Councils of Governments, Metropolitan Planning Organizations and Regional Public Transportation Authority have assisted ADOT throughout the process.

LTAF II was signed into law in 1998 to provide assistance to local communities for general transportation purposes statewide. The exception was communities in Maricopa County with a population of over 50,000 which were required to use their funds for transit (public and special needs transportation). The legislation was later modified for mandatory transit use statewide for most jurisdictions, i.e., those communities receiving more than \$2,500. The LTAF II Program was implemented as a grant program requiring application to ADOT for funds, and as such requires a local match (from 25% to 100% of the grant amount). LTAF II funds historically have been used by jurisdictions to assist with operations and the purchase of transit vehicles and facilities, as well as providing the local match requirement for federal grants.

For this reporting cycle as required by statute, Valley Metro/RPTA and Pima Association of Governments (PAG) have not certified compliance with the prescribed reporting requirements. However, both Valley Metro/RPTA and PAG have advised that the compliances are in process and will be concluded in January 2006.



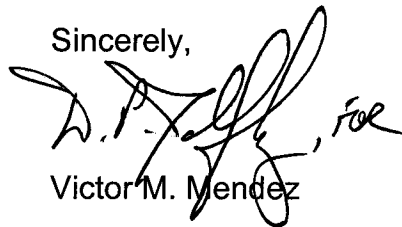
The Honorable Ken Bennett
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Page Two

The following table summarizes major LTAF II activity from its inception in 1998 to present.

Year	LTAF II Chronology 1998-2005	Distribution & Source(s)
FY1999	HB 2565 signed into law in August 1998. First year was 10/12 ^{ths} of a projected "normal year" due to late signing.	\$6.7 M, primarily VLT
FY2000	\$18 million Legislative cap for Program met, aided by major Powerball input	\$18 M, VLT and Powerball
FY2001	SB1556 replaces HB 2565, reintroduces original intent as "transit only." VLT contribution reduced; General Fund now primary source.	\$15.4 M, General Fund and Powerball
FY2002	State budget crisis reduces amount, number of distributions.	\$6.5 M, primarily General Fund
FY2003	General Fund reductions effectively eliminate LTAF II (see '03/04)	\$0
FY2004	FY2003 proceeds from late Powerball spike enable new distribution; VLT contribution sunsets 9/30/03. '03 Distribution: 3 rd Qtr FY04	\$7.2 M, Powerball
FY2005	FY2004 proceeds from Powerball enable distribution again, in 3 rd Qtr FY2005.	\$13.5 M, Powerball
FY2006	FY2005 proceeds from Powerball enable distribution again, in 2 nd Qtr FY2006.	\$5.3 M, Powerball

Attached you will please find for your convenience a summary matrix of this year's new distributions. If I can be of further assistance please let me know.

Sincerely,



Victor M. Mendez

Attachment

cc: Governor Janet Napolitano
Representative James Weiers, Speaker of the House
Senator Jake Flake, Senate Natural Resources & Rural Affairs Committee Chairman
Senator Thayer Verschoor, Senate Transportation Committee Chairman
Representative Andy Biggs, House of Representatives Transportation Committee Chairman
Jim Dickey, Director, Public Transportation Division, ADOT
John McGee, ADOT Financial Management Services Director